An Analytical Study of the Impact of Marketing Strategy adopted for Consumer Durables in Nagpur City

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Abstract: The purpose of this research papers is find out the impact of the marketing strategy on the overall profitability of the business. For conducting this study the parameters used for marketing strategy were considered which include the attributed such as Product, price, place and promotions. In this study the researcher has also taken into consideration the demographic variables as the customers differ in economic background, emotional background and educational background and for each customer the variables differ and how the marketing strategy does has an impact on the consumer durables. Customer loyalty, retention of the customers and their satisfaction form the brand purchased is also reflected. This study also encourages the adoption of new types of marketing strategies so the market share of the companies could be increased significantly which is the main purpose being conducting this research study.

Keywords: Marketing strategies, demographic variables, customer loyalty, customer satisfaction and customer retention.

Introduction:

About current scenario

With the continuous inflow of disposable income and the advancement of technology, the need for the varied consumer durable goods are increasing. This in turn is leading to a strong competition among the different consumer durable brands available in the nation as well as the price gap between the same consumer goods of different companies are narrowing down. Day by day these goods are becoming cheaper. The rural and urban market of consumer durables has been growing at a rate of around 15 % on an average.

Growth prospects

India is likely to emerge as the world's largest middle class consumer market with an aggregated consumer spend of nearly US$ 13 trillion by 2030, as per a report by Deloitte titled 'India matters: Winning in growth markets'.

Fuelled by rising incomes and growing affordability, the consumer durables market is expected to expand at a compound annual growth rate (CAGR) of 14.8 per cent to US$ 12.5 billion in FY 2015 from US$ 7.3 billion in FY 2012. Urban markets account for the major share (65 per cent) of total revenues in the Indian consumer durables sector. In rural markets, durables, such as refrigerators, and consumer electronic goods are likely to witness growing demand in the coming years. From US$ 2.1 billion in FY 2010, the rural market is expected to grow at a CAGR of 25 per cent to touch US$ 6.4 billion in FY 2015.

About Consumer Durables

Consumer durables refer to those consumer goods that do not quickly wear out and yields utility over a long period of time. Some of the popular and common examples of these kinds of items are electronic goods, kitchen appliances, home furnishings and leisure equipments etc. Consumer durables can be broadly categorized into the following 3 heads:

White Goods: *White goods mainly include air conditioners, refrigerators, washing machines, audio equipments and speakers.*
Brown Goods: *This kind of consumer durables mostly includes kitchen appliances like chimneys, electric fans, grinders, iron, microwave ovens, etc.*
Consumer Electronics: *Some of the mostly used consumer electronic goods are DVD players, MP3 players, mobile telephones, telephones, VCD players etc*

Literature Review:

N. Chiliya 1* , G. Herbst 2 and M. Roberts-Lombard "The impact of marketing strategies on profitability of small grocery shops in South African townships" African Journal of Business Management Vol.3 (3), pp.070-079, March, 2009. In this study the author argues that there is a paradigm shift in the small business is inevitable. This shift will enhance the chances of these small businesses to grow and with the improved strategic marketing decisions profitability will increase.

1AmyPoh. AL, 2M. N. Saludin, 1M. Mukaidono "Deriving Consensus Rankings Via Multicriteria Decision Making Methodology" it is observed that the marketing mangers of a firm should have an idea of the opportunities in marketing activities that will give a firm competitive advantage over the competitors.

Wood D (1972) reveals that the process of product differentiation is one that involves optimizing across a large number of dimensions. It is impossible to suggest definite formula for differentiation strategies. Due to typical nature of product (consumer durable) marketers feel that there is risk in launching new consumer durable, as its frequency is irregular. The consumer's risk perception process is playing very vital role in consumer buying decision. The approach proposed by conventional consumer behavior model is inconsistent with the findings of research paper. The 218 products that are clearly differentiated from the existing products may in expert evaluation, appearing to have substantial price protection from the existing products. Consumers will perceive not only the buyer's attribute contents, but also wide spread in the possible attribute range. The paper suggests that marketer who would like to launch new product should introduce it with surrogate variables for creating better positioning.

Mohanty Dakshi (2003) has examined the rural marketing strategy with reference to Indian subcontinent under the guidance of K.R.Kim to establish presence in rural market company has started operations in the form of back-office support by opening offices in semi-urban and rural 206 areas which are known as central area offices and remote area offices. Not only that, depending upon types of town in which it has been situated, its classification has been made. This is to be treated as very important move for increasing infrastructure, distribution and after sales function to the rural consumers. With a view to penetrate the television in the rural area, the company has successfully launched television under the brand Sampoorna in 1998 with specific feature of regional language screen display which is turned to be a boom product in the rural market. Even though, its prices higher by Rs.2, 000/- as to competitor's product.

Kwang-Ro-Kim has focused on the rural market of India by launching series of ruralised product (product with specific features seek by rural consumers) and successful brand extension in the form of "Cine plus" (which was extension of Sampoorna) which contribute more than quarter of the companies turnover. Same strategy has been adopted in the category of frost free refrigerators, air-condition and microwave oven. The most influensive practice is the launching all these products with very low price which cracked the one of the most important A-affordability of the rural market. A unique strategy in the form of different models, different channels has been launched by the company, which meets the local requirement with the help of company's own distribution network.

Problem of the study:

With changing needs the behavior of the consumer has changed over the period of time. As the consumer moves form one life cycle stage to the other the purchasing habits the consumption habits keep on changing. The reason for studying the marketing strategies for consumer durables is that with every life cycle stage as consumption habits change it becomes important for the company to formulate different strategies for the consumers as they differ from each other. The strategies will also help them to get competitive advantage over their competitors.

To influence the purchasing decisions the strategies formulated could be short term or long term strategies. With consumer durables the decision and the choice of vendor plays an important role as what to buy form where to buy who would be the vendor, what amount is to be spent of the product purchase, how much the consumer is ready to spend on the product are the question whose answer are to be found out by the company strategy makers

Objectives of the study:

* To know the impact of Marketing Strategy on Sales and Consumer Behavior.
* To know which marketing strategy influences the customer most.
* To enhance the knowledge of consumer durable market.

Hypothesis:
H0- There is no significant difference between consumer satisfaction of Television and Air conditioner with reference to after sales service.

H0- There is no significance difference between customer retention strategy of television and air conditioner with reference to maintain regular interaction with customer.

Research Methodology:

The study is based on secondary as well as primary data. The primary data was collected form the respondents at Nagpur through a structured questionnaire. Any questionnaire which was incomplete was not taken into consideration for the analysis. Four consumer durables were taken for study as samples which were Televisions, Air conditioners, Washing Machines and refrigerators. The technique used for primary data collection was simple random sampling method. Secondary data was collected form Company's profile, journals and various literature studies are important sources of secondary data.

Sampling Detail
1. Target population: The population for this research study consists of the residence of Nagpur
2. Sampling unit: In this study the sampling unit is individual consumer.
3. Sample size: **100** consumers.
4. Sampling method: The sample is selected by using simple random-   sampling method.

The study area was spread across Nagpur District and 100 samples were taken for the study of the topic.

Limitations:

In every Research process, there is chance of errors and errors lead to uncertainty. Errors, which have affected the study, were:

* Due to lack of time, we could not cover all over Nagpur so that my study was restricted to Nagpur only.
* As the study is limited to Nagpur the application of this paper is also limited to Nagpur city only.
* Some time Co-operation from respondents was missing.
* Most of the time respondents were not interested to answer the question, taking it as ordinary matter of the company.
* Most of the times respondents were biased and having shortage of time.

Data Analysis

1 Purchase Behaviour

1. Which of the consumer durable white goods do you use?

1	Television	37
2	Washing Machines	28
3	Air conditioners	19
4	Refrigerator	16

Use of White Good

16%   37%   Television set

19%   Washing Machine

Air Conditionar

28%   Refrigerator
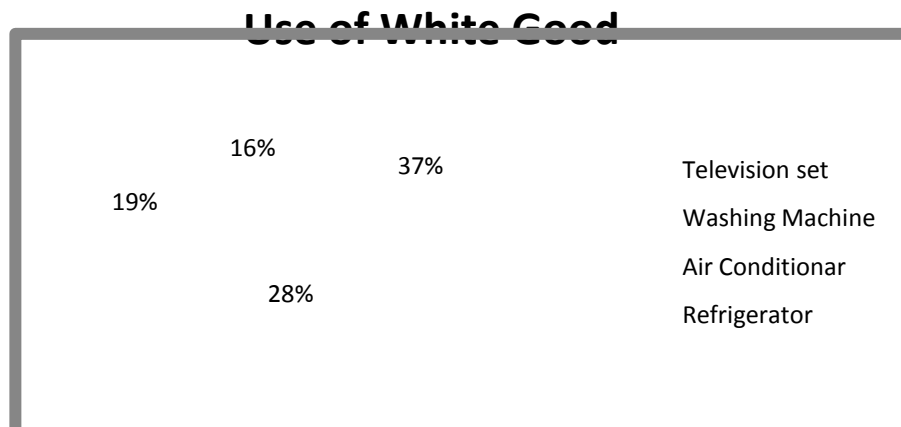
Interpretation:

It clearly reflects from above pie diagram, that Television set is the most popular consumer durable white good, 37% customers prefer to use T.V.set, while the second preferred good is Washing machine to which about 28%consumers prefer to use. 19% consumers like to use Air conditioner and the least preferred good is Refrigerator to which only 16% consumers give preference.

➢ **Source of purchase**

1	Retail shop	17
2	Directly from the company	36
3	Company's showroom	47
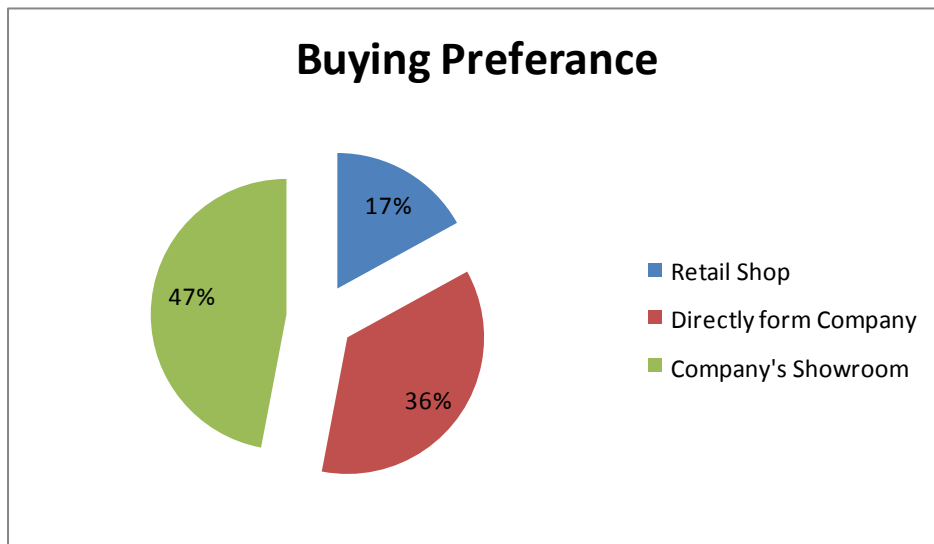
Interpretation:

About 47% consumers prefer to buy the consumer white goods from company's showroom i.e. The majority of consumers have trend to buy the goods from showroom. Below that nearly 36% consumers like to buy goods directly from company .The least preferred choice is buying from retail shops. Only 17% consumers prefer to buy a Good from retail shop.

Source of Information

| 1	Advertising	29
2	Previous experience	18
3	Recommendations	25
4	Internet	28

Information Source
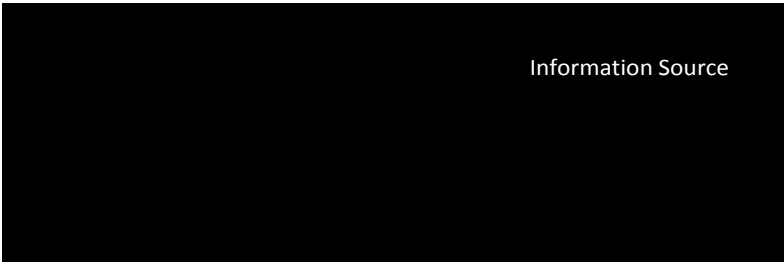
Interpretation:
The most powerful and attractive way for promoting the Information and Utility of Products is **Advertising**, nearly 29% of people tempts for buying due to advertisement, immediately followed by Internet as source of information. About 28% people use online Information to make decision about the product before buying.25% people rely on the Recommendation by others for buying the product .Self / previous experience is the base for purchase for 18% of people.

2 Factors Considered for Purchase:
➢ **CUSTOMER SATISFACTION**
Regarding Overall Quality of White Goods

| 1	Television set	29
2	Washing machine	18
3	Air conditioner	16
4	Refrigerator	12
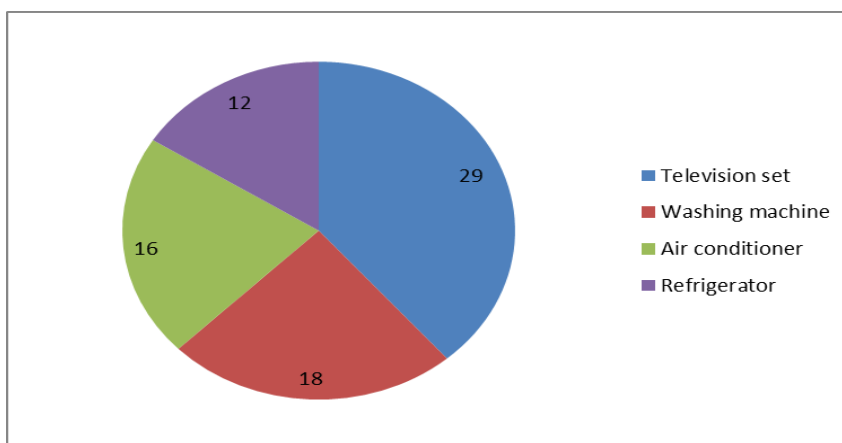
Interpretation:
Customers want high quality of product when it comes to white goods. Out of the total 37 respondent for TV 29 respondent i.e.(78%) are looking for high quality of products with additional features and the same of 64% is seen for Washing Machine out of total respondent of 28. For AC the percentage is up to 82% out of the total respondent i.e. 19 and for Refrigerator it comes to 63% out of the respondent of 16.

Regarding Customer Service

| 1	Television set	20
2	Washing machine	19
3	Air conditioner	12
4	Refrigerator	9
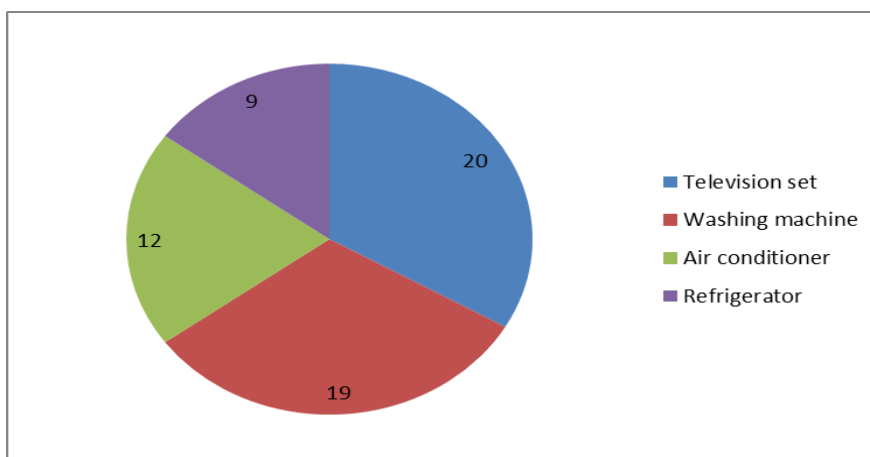
Interpretation:

Customer looks after for satisfaction while purchasing product and also customer service they receive from company. The need for customer service for TV is 54% as compared to 75% for Air Conditioner, and 56% for Refrigerator and for Washing Machine it is 68%.

➢ **CUSTOMER LOYALTY:**

Regarding delivery on Promises

| 1	Television set	25
2	Washing machine	23
3	Air conditioner	13
4	Refrigerator	12
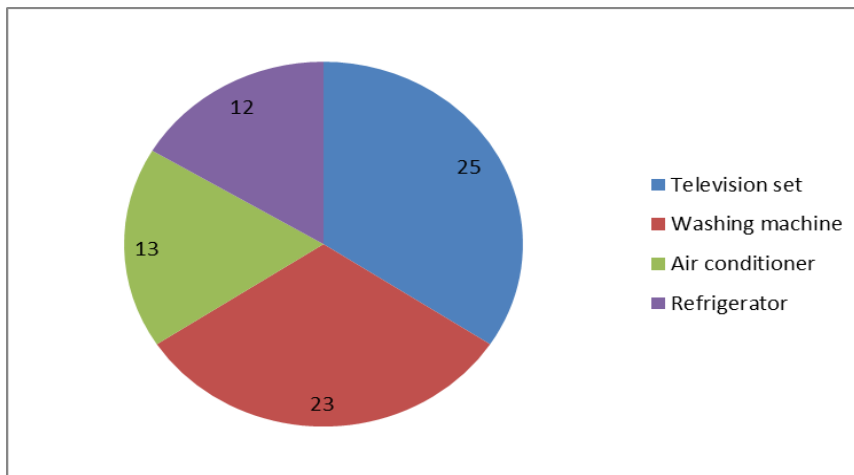
Interpretation:

Customers get satisfied and remain loyal by getting utmost fulfillment of promises regarding sales & after sales services. This is observed in case of washing machine where 82% customers show this trend followed by air conditioner 81%, television set 68% and or refrigerator 63% respectively.

Regarding Lowest Price

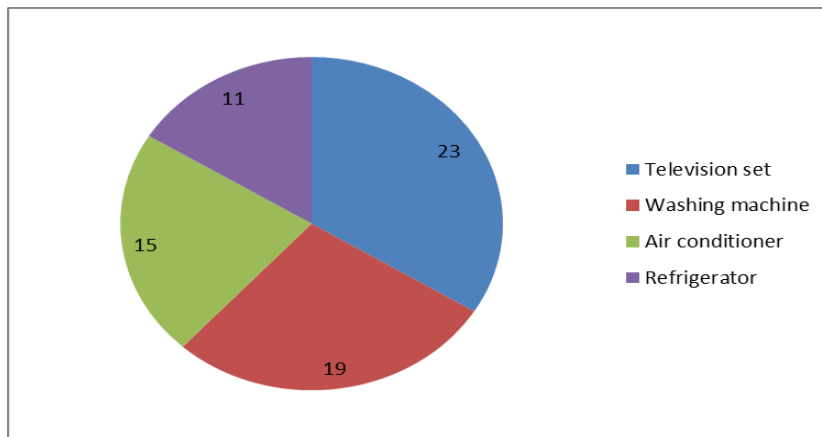| 1	Television set	33
2	Washing machine	24
3	Air conditioner	9
4	Refrigerator	12
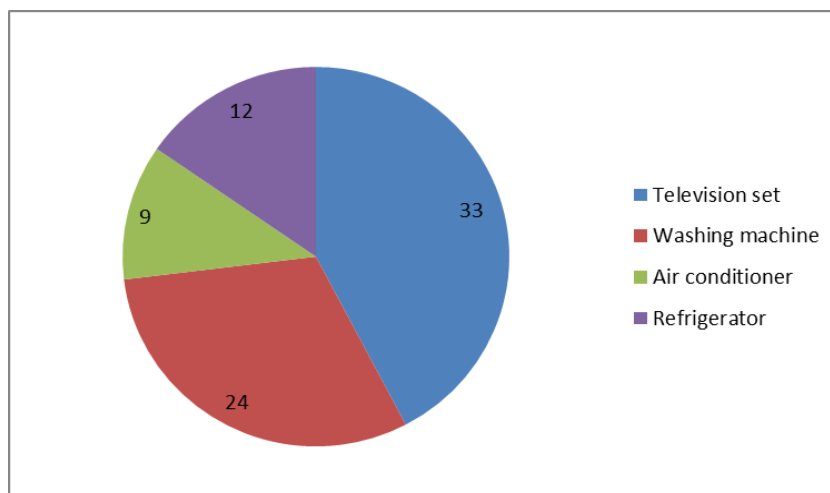
Interpretation:
Another aspect of customer loyalty is attached with price as here the consumers are more prices sensitive. About 47% customers show trend of purchasing air conditioners at lowest possible price 87% customers purchasing television set shows this trend 75% customers purchasing refrigerator & 86% customers of washing machine are price sensitive.

Customer Retention
By providing Loyalty Benefit

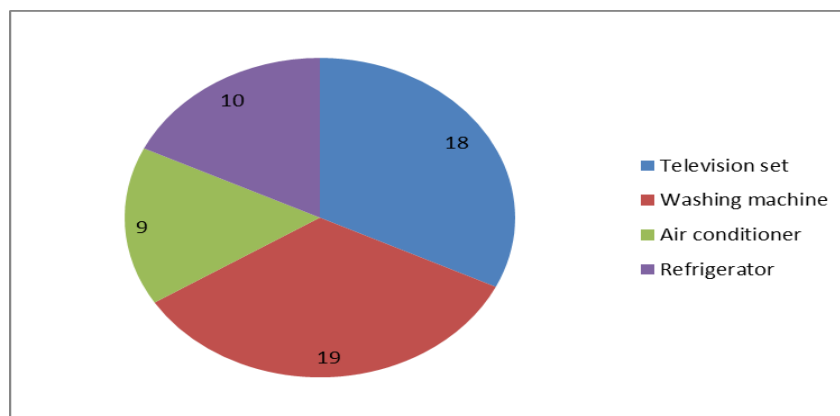| 1	Television set	23
2	Washing machine	19
3	Air conditioner	15
4	Refrigerator	11

Interpretation:
        It is but obvious that consumers are attracted towards some handsome incentive attached with loyalty towards brand. This trend reflects here as well with 68% of washing machine customers, 62% of television set customers, 79% of Air Conditioner and 69% for Refrigerator.

By providing Service beyond Expectations

| 1	Television set	18
2	Washing machine	19
3	Air conditioner	9
4	Refrigerator	10

Interpretation:

Customer are retend by providing them service beyond their expectation. For washing machine and refrigerator they have greater expectation i.e., 68% and 63% respectively and for Television set and Air conditioner the service beyond expectations is as low as 49% and 47% respectively for televisions and air conditioners.

3 While purchasing consumer durable which parameter influences you?

| 1	Price	30
2	Product feature	19
3	Brand	26
4	Service	16
5	Durability	9
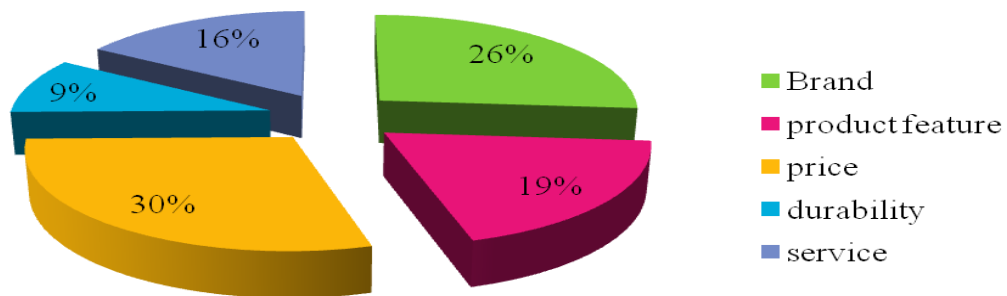
Interpretation:

30% of customer gives importance to price. So it shows that Indian consumers are very price sensitive. They give more importance to price over the brand. 26% give importance to brand. So price and Brand matter a lots for the costumers. And they also want best brand for best prices. 19% of the consumers prefer product feature, for Service 16% and durability 9%. Service is also a big factor for the customer they are less interested in the durability.

4 How frequently you change your consumer durables?

| 1	1 -3 years	4
2	3-5 years	19
3	5-10 years	54
4	10 years +	23
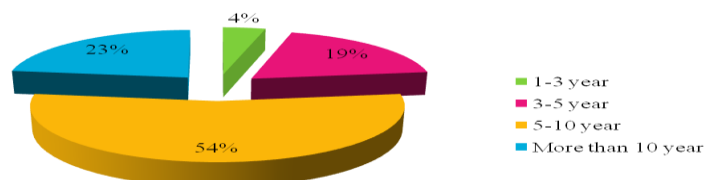
Interpretation:

Customers prefer to change consumer durables within 5-10 years. In India people do not change consumer durable frequently.23% customers do not change their consumer durable within 10 year. It represent that Indian consumer do not prefer to change their consumer durable frequently.

5 Schemes preferred by consumers

Cash Discount	42
Installment Scheme	22
Exchange offer	22
Free Gift	14
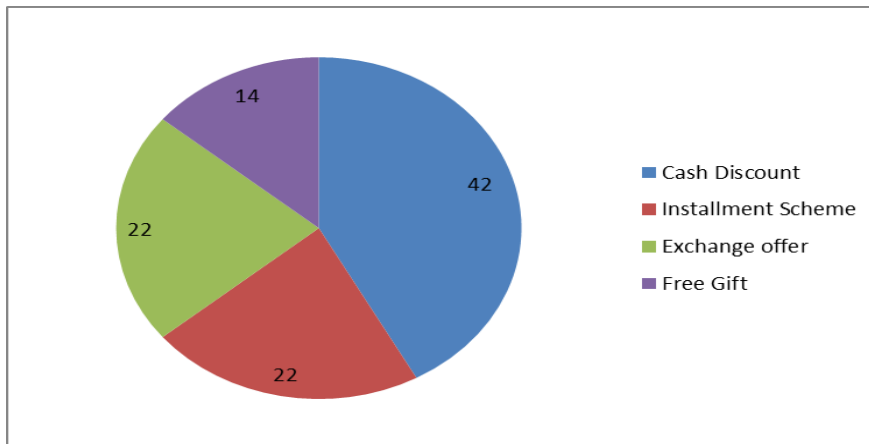
Interpretation:

Customer are influence by schemes that are offered from company and in that cash discount plays vital role of 42% and exchange offer as well as installment scheme has 22% customers and for free gifts 14% customers are there.

Hypotheses Testing 1

H0- There is no significant difference between consumer satisfaction of Television and Air conditioner with reference to after sales service.

To test this hypothesis a question has been asked to sample respondents through structured questionnaire. Out of the 37 sample respondents of television set 29 sample respondents are in favor of after sales service is very important. And in another sample of Air Conditioner of 19 respondents 16 sample respondents are in favor of after sales service is very important.

Thus the proportion of television set $(P1) = 29/37$
Thus the proportion of Air Conditioner $(P2) = 16/19$

The best estimate p is given below
$p = (n1.P1 + n2.P2) / n1 + n2$
$= (29.(29/37) + 16.(16/19)) / 37 + 19$
$= 36.06 / 56$
$= 0.64$
$q = 1 - p$
$q = 1 - 0.64 = 0.36$

Therefore Standard Error $(P1 - P2) = (p.q((1/n1) +(1/n2))^{1/2}$
Putting the values derived from the earlier calculation
S.E. of $(P1 - P2) = 0.016$

Now the test statistic
$z = P1 - P2 / S.E.$ of $(P1 - P2)$
$= (29/37) - (16/19) / 0.016$
$= (0.78 - 0.84) / 0.016$
$= -0.06 / 0.025$
z = -3.75

The calculated value of z is less than 1.96 (tabulated value of z). Hence we will **accept our null hypothesis** and conclude that *there is no significant difference between consumer satisfaction of television set and Air conditioner with reference to after sales service*

Hypotheses Testing 2
There is no significance difference between customer retention strategy of television and air conditioner with reference to maintain regular interaction with customer.

To test this hypothesis a question has been asked to sample respondents through structured questionnaire. Out of the 37 sample respondents of television set 23 sample respondents are in favour those retailer influences while selecting the television set, in another sample of Air Conditioner of19 respondents 15 sample respondents are in favour that retailer influences while selecting the air conditioner.

Thus the proportion of television set (P1) = 23/37 = 0.62
Thus the proportion of Air Conditioner (P2) = 15/19 = 0.78

The best estimate p is given below
p = (n1.P1 + n2.P2) / n1 + n2
 = (37. (0.62) + 19. (0.78)) / 37 + 19
 = 37.76 / 56
 = 0.67
q = 1 – p
q = 1 – 0.67 = 0.33

Therefore Standard Error (P1 – P2) =$(p.q((1/n1) +(1/n2))^{1/2}$
 Putting the values derived from the earlier calculation
S.E. of (P1 – P2) = 0.61

Now the test statistic
z = P1 – P2 / S.E. of (P1 – P2)
 = (0.62 – 0.78) / 0.61
 = - 0.16 / 0.61
z = -0.26

The calculated value of z is lesser than 1.96 (tabulated value of z). Hence we will accept our null hypothesis and conclude that *there is no significant difference between* **customer retention strategy of television** and air conditioner with reference to maintain regular interaction with customer.

Recommendation and Conclusion:
Though consumer durable companies in India has done fairly well in the Indian market, but in order to gain a market share in the long run, certain recommendation are highlighted below based on the analysis done.
- **Create a mass market image for itself:** Even today after so many years of its existence in the market, the companies has a premier image in the consumers mind. If they want to achieve the above stated objective the companies should go in for mass marketing strategy. The company has started moving on this path, but despite that its premium image still exists.
  To achieve this company should create such campaigns which highlight the middle and the lower end consumer also. For products such as the refrigerator, T.V. etc., it should highlight them as premium products for the elite class. Other products such as 14" Home Electronics or 210lt. refrigerator should target the lower end customer.
- **Should concentrate more on the rural markets:** Currently sales of the company form a very insignificant portion from the rural market. It only accounts for about 30 per cent of the total sales. This is very little considering the vast potential that lies in our country. The companies should consider exploiting the untouched areas of population even less than 50,000.
  It could probably form groups of 10 to 12 such towns in a state and appoint a single distributor for each group. The entire responsibility of selling the products should be given to the distributor and as per his performance should be evaluated after every 60 days. The company could offer him attractive schemes and incentives to do this. This model could be test marketed in a couple of states initially to find its success rate and later on can be expanded to other states

- **In order to reap long term benefits, the company should go in for certain honest schemes**: Majority of companies in this industry today is selling their products via schemes, offers etc., in order to survive in this competitive market. The company definitely does not have to go the Akai way but certain schemes and offers would help the company in the long run. Since companies believes in "value marketing" it does not have to go in for exchange offers whereby you get a new Citrus Juicer or TV if return of the old one. Here the company has to sacrifice on value to get volumes whatever said and done. Some of the schemes that the company could opt for are "Buy a refrigerator (300lt+.) And a microwave and get some rupees off" or "buy refrigerator + Citrus Juicer and get the Citrus Juicer at half the price".

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